

**LEMON GROVE CITY COUNCIL  
AGENDA ITEM SUMMARY**

**Item No.** 1.F  
**Mtg. Date** April 19, 2016  
**Dept.** Public Works

**Item Title:** Agreement for Claims Management Services

**Staff Contact:** Mike James, Public Works Director

**Recommendation:**

Adopt a resolution (**Attachment B**) approving an agreement for claims management services with George Hills Company. |

**Item Summary:**

Currently, the City self administers its claims management services in compliance with state and federal regulations. With the recent dissolution of the San Diego Pooled Insurance Program Authority (SANDPIPA), the City continues to evaluate all aspects of its risk management program.

As a part of that analysis, City staff substantially reviewed its claims management program to determine if this is an area that it should continue to be performed in-house or if there are greater benefits to the City if this service is contracted out.

The staff report (**Attachment A**) details the City's claims management history, the comparison between providing said services in-house or contracting those services to a third party administrator, and concludes with staff's recommendation. |

**Fiscal Impact:**

In Fiscal Year 2015-2016 (FY 2015-16) funds are allocated in Fund 29 – Self Insured Liability Retention Fund. However, moving forward to FY 2016-17, staff anticipates this amount will increase to reflect the not to exceed cost estimate of \$15,000 per fiscal year. |

**Environmental Review:**

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Not subject to review | <input type="checkbox"/> Negative Declaration           |
| <input type="checkbox"/> Categorical Exemption, Section   | <input type="checkbox"/> Mitigated Negative Declaration |

**Public Information:**

- |  |   |   |
|--|---|---|
| <input checked="" type="checkbox"/> None                     | <input type="checkbox"/> Newsletter article   | <input type="checkbox"/> Notice to property owners within 300 ft. |
| <input type="checkbox"/> Notice published in local newspaper | <input type="checkbox"/> Neighborhood meeting |   |

**Attachments:**

- A. Staff Report
- B. Resolution



## LEMON GROVE CITY COUNCIL STAFF REPORT

Item No. 1.F

Mtg. Date April 19, 2016

Item Title: Agreement for Claims Management Services

Staff Contact: Mike James, Public Works Director

### Background:

On April 21, 2015, the City Council adopted a resolution that provided its written authorization to the dissolution of the San Diego Pooled Insurance Authority Program Authority (SANDPIPA). The City Council also authorized staff to solicit proposals to provide general liability and workers compensation excess insurance coverage as well as third party administrative services.

The remaining portion of this staff report details staffs selection process while reviewing proposals from qualified third party administrative services for general liability claims management services.

### Discussion:

Since April 1986, the City has benefited from multiple agreements that were negotiated by SANDPIPA's General Manager, for the benefit of its 12 members. One of those agreements included a third party administrative service for claims management services with Carl Warren and Associates (Carl Warren). However, in 2013, Carl Warren terminated its agreement with SANDPIPA. Since that time staff has self administered its claims management services.

During the transition period from SANDPIPA to a direct relationship with California State Association of Counties – Excess Insurance Authority (CSAC-EIA), staff researched and now recommends that outsourcing claims management services may be in the best interest of the city for the following reasons: allows staff to focus on other competing priorities, retains the services of professional experts in the field of claims management, and improves the city's claims system with an external review of processes and procedures.

Staffs first step in this process was to schedule meetings and request proposals from qualified third party administrators for general liability claims management services. In March, staff received proposals from five firms: Adminsure, Incorporated, Carl Warren and Associates (Carl Warren), George Hills Company (George Hills), Veritas Claims, LLC, and York Risk Services Group. Of those five firms staff interviewed two: Carl Warren and George Hills. Staff felt that both firms brought forward a tremendous amount of experience managing claims for local government entities. However, after meeting with both entities staff felt that George Hills will bring a tailored methodology that will best fit the current needs of staff and the City's risk program. Before detailing the benefits that George Hills will bring to the city's risk management program, staff felt it was prudent to include information about the company:

- Since 1954, George Hills has provided best practice claims administration and litigation management services to private and public sector clients,
- Currently employees 40 claims management professionals and 14 full time corporate and support staff employees. Each claims professional holds the applicable industry standard certification,

# Attachment A

- Seven offices are located throughout California. The nearest office that will support Lemon Grove is located in San Bernardino,

Because the city is in a direct relationship with CSAC-EIA it receives additional support services from its broker, Alliant Insurance Services (Alliant). Alliant is familiar with the city's risk profile, since it was also a SANDPIPA broker for insurance, and Alliant staff members attended both interviews with Carl Warren and George Hills. Alliant staff concurred with staff's recommendation to partner with George Hills. A summary of some of the benefits that were noted by partnering with George Hills included:

- Financially stable company with one owner,
- Claims adjuster coverage that will allow 24 hour servicing if needed,
- Subrogation recovery program for public entities,
- Currently is an approved vendor for CSAC-EIAs primary general liability program. This is important because George Hills is familiar with the reporting requirements of the city's excess insurance provider, and
- Will provide the conversion to the claims management tracking software (SYSTEMA) at no additional cost to the City.

## Agreement Details:

In moving forward, staff felt it important to review a few of the key points of George Hills' proposal and the final agreement.

Cost: Because the agreement was created on a time and material basis (\$83 per hour) there is no guaranteed method to predict the annual expenditures that will occur. However, based on the costs listed on page 37 of this report, staff estimates that the cost range in the first 14 months will not exceed \$15,000.

Duration: The agreement will expire no sooner than June 30, 2017 with the option to extend for four additional one-year periods. The June 30, 2017 date was selected because that coincides with the anticipated completion date of staff's analysis and comparison of excess insurance providers.

Review of Policies and Procedures: During discussions with George Hills about the city's current risk program, George Hills staff volunteered its services to review all templates and forms related to risk management for not additional cost.

In closing, staff concluded that George Hills Company is not the largest firm that is available to the city. However, its uniquely tailored approach, coupled with its core values of honesty & integrity, customer satisfaction, financial sustainability, loyalty and continuous improvement are in keeping with what staff believes will best fit the general liability risk program moving forward. |

## Conclusion:

| That the City Council adopts a resolution (**Attachment B**) approving an agreement (**Attachment B – Exhibit 1**) for claims management services with George Hills Company. |



# Attachment B

## RESOLUTION NO. 2016 -

### RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMON GROVE, CALIFORNIA AWARDING A CLAIMS MANAGEMENT SERVICES AGREEMENT TO GEORGE HILLS COMPANY

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**WHEREAS**, the City currently self-administers its general liability claims management services; and

**WHEREAS**, with the recent formation of a direction relationship with the California State Association of Counties – Excess Insurance Authority (CSAC-EIA) staff expanded its risk management program analysis to include general liability claims management services, there is a need to ; and

**WHEREAS**, staff solicited and received five proposals for claims management services; and

**WHEREAS**, after reviewing each proposal staff interviewed two firms: Carl Warren and George Hills Company; and

**WHEREAS**, staff believes that George Hills Company provides a special and unique service package of personnel and experience that can manage all claims services in the City.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Lemon Grove, California hereby:

1. Approves an agreement (**Exhibit 1**) with George Hills Company for claims management services; and
2. Establishes an initial term ending on June 30, 2017, with the option to execute four one-year extensions; and
3. Establishes an annual budget not to exceed fifteen thousand (\$15,000.00) per fiscal year; and
4. Authorizes the City Manager or designee to execute and manage all agreement documents. |

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# Attachment B – Exhibit 1

## AGREEMENT BY AND BETWEEN THE CITY OF LEMON GROVE AND GEORGE HILLS COMPANY

THIS AGREEMENT is approved and effective upon the date of the last signature, by and between the CITY OF LEMON GROVE, a municipal corporation (the "CITY"), and GEORGE HILLS COMPANY a claims and JPA management service provider (the "CONSULTANT").

### RECITALS

WHEREAS, the CITY desires to employ a CONSULTANT to provide third party administration for claims management services.

WHEREAS, the CITY has determined that the CONSULTANT is a professional claims and JPA management service provider and is qualified by experience and ability to perform the services desired by the CITY, and the CONSULTANT is willing to perform such services.

NOW, THEREFORE, THE PARTIES HERETO DO MUTUALLY AGREE AS FOLLOWS:

1. **ENGAGEMENT OF CONSULTANT.** The CITY hereby agrees to engage the CONSULTANT and the CONSULTANT hereby agrees to perform the services hereinafter set forth in accordance with all terms and conditions contained herein.

The CONSULTANT represents that all services required hereunder will be performed directly by the CONSULTANT or under direct supervision of the CONSULTANT.

2. **SCOPE OF SERVICES.** The CONSULTANT will perform services as set forth on pages 18-55 of Exhibit 1 (Attached).

The CONSULTANT shall be responsible for all research and reviews related to the work and shall not rely on personnel of the CITY for such services, except as authorized in advance by the CITY. The CONSULTANT shall appear at meetings cited in Exhibit 1 to keep staff and City Council advised of the progress on the project.

The CITY may unilaterally, or upon request from the CONSULTANT, from time to time reduce or increase the Scope of Services to be performed by the CONSULTANT under this Agreement. Upon doing so, the CITY and the CONSULTANT agree to meet in good faith and confer for the purpose of negotiating a corresponding reduction or increase in the compensation associated with said change in services.

3. **PROJECT COORDINATION AND SUPERVISION.**

The City Manager or designee is hereby designated as the Project Coordinator for the CITY and will monitor the progress and execution of this Agreement. The CONSULTANT shall assign a single Project Director to provide supervision and have overall responsibility for the

## Attachment B – Exhibit 1

progress and execution of this Agreement for the CONSULTANT. John Chaquica or designee thereby is designated as the Project Director for the CONSULTANT.

4. **COMPENSATION AND PAYMENT.** The compensation for the CONSULTANT shall be based on monthly billings covering actual work performed. Billings shall include labor classifications, respective rates, hours worked and also materials, if any. The total cost for all work described on page 37 of Exhibit 1 shall not exceed fifteen thousand (\$15,000.00) (the Base amount) without prior written authorization from the City Manager or designee. Monthly invoices will be processed for payment and remitted within thirty (30) days from receipt of invoice, provided that work is accomplished consistent with Exhibit 1 as determined by and in the sole discretion of the CITY. The CONSULTANT shall maintain all books, documents, papers, time sheets, accounting records and other evidence pertaining to costs incurred and shall make such materials available at its office at all reasonable times during the term of this Agreement and for three (3) years from the date of the final payment under this Agreement, for inspection by the CITY and for furnishing of copies to the CITY, if requested.

5. **LENGTH OF AGREEMENT.** This agreement will last until June 30, 2017. The contract may be extended for four (4) additional one (1) year periods by written agreement of the parties, and may be subject to both City Council appropriation of funds and City Council authorization of such contract extension(s).

6. **DISPOSITION AND OWNERSHIP OF DOCUMENTS.** The Memoranda, Reports, Maps, Drawings, Plans, Specifications and other documents prepared by the CONSULTANT for this Project, whether paper or electronic, shall become the property of the CITY for use with respect to this Project, and shall be turned over to the CITY upon completion of the Project, or any phase thereof, as contemplated by this Agreement. By accepting payment for completion, filing and delivering documents as called for in this paragraph, the CONSULTANT discharges the City of all of the City's payment obligations and liabilities under this agreement.

Contemporaneously with the transfer of documents, the CONSULTANT hereby assigns to the CITY and CONSULTANT thereby expressly waives and disclaims, any copyright in, and the right to reproduce, all written material, drawings, plans, specifications or other work prepared under this agreement, except upon the CITY's prior authorization regarding reproduction, which authorization shall not be unreasonably withheld. The CONSULTANT shall, upon request of the CITY, execute any further document(s) necessary to further effectuate this waiver and disclaimer.

The CONSULTANT agrees that the CITY may use, reuse, alter, reproduce, modify, assign, transfer, or in any other way, medium or method utilize the CONSULTANT's written work product for the CITY's purposes, and the CONSULTANT expressly waives and disclaims any residual rights granted to it by Civil Code Sections 980 through 989 relating to intellectual property and artistic works.

Any modification or reuse by the CITY of documents, drawings or specifications prepared by the CONSULTANT shall relieve the CONSULTANT from liability under Section 14 but only with respect to the effect of the modification or reuse by the CITY, or for any liability to the CITY should the documents be used by the CITY for some project other than what was expressly agreed upon within the Scope of this project, unless otherwise mutually agreed.

## Attachment B – Exhibit 1

7. **INDEPENDENT CONSULTANT.** Both parties hereto in the performance of this Agreement will be acting in an independent capacity and not as agents, employees, partners or joint venturers with one another. Neither the CONSULTANT nor the CONSULTANT'S employees are employees of the CITY and are not entitled to any of the rights, benefits, or privileges of the CITY's employees, including but not limited to retirement, medical, unemployment, or workers' compensation insurance.

This Agreement contemplates the personal services of the CONSULTANT and the CONSULTANT's employees, and it is recognized by the parties that a substantial inducement to the CITY for entering into this Agreement was, and is, the professional reputation and competence of the CONSULTANT and its employees. Neither this Agreement nor any interest herein may be assigned by the CONSULTANT without the prior written consent of the CITY. Nothing herein contained is intended to prevent the CONSULTANT from employing or hiring as many employees, or subCONSULTANTS, as the CONSULTANT may deem necessary for the proper and efficient performance of this Agreement. All agreements by CONSULTANT with its subCONSULTANT(s) shall require the subCONSULTANT to adhere to the applicable terms of this Agreement.

8. **CONTROL.** Neither the CITY nor its officers, agents or employees shall have any control over the conduct of the CONSULTANT or any of the CONSULTANT's employees except as herein set forth, and the CONSULTANT expressly agrees not to represent that the CONSULTANT or the CONSULTANT's agents, servants, or employees are in any manner agents, servants or employees of the CITY, it being understood that the CONSULTANT, its agents, servants, and employees are as to the CITY wholly independent CONSULTANTS and that the CONSULTANT's obligations to the CITY are solely such as are prescribed by this Agreement.

9. **COMPLIANCE WITH APPLICABLE LAW.** The CONSULTANT, in the performance of the services to be provided herein, shall comply with all applicable State and Federal statutes and regulations, and all applicable ordinances, rules and regulations of the CITY OF LEMON GROVE, whether now in force or subsequently enacted. The CONSULTANT, and each of its subCONSULTANTS, shall obtain and maintain a current CITY OF LEMON GROVE business license prior to and during performance of any work pursuant to this Agreement.

10. **LICENSES, PERMITS, ETC.** The CONSULTANT represents and covenants that it has all licenses, permits, qualifications, and approvals of whatever nature that is legally required to practice its profession. The CONSULTANT represents and covenants that the CONSULTANT shall, at its sole cost and expense, keep in effect at all times during the term of this Agreement, any license, permit, or approval which is legally required for the CONSULTANT to practice its profession. Submittals Required with the Agreement. Failure of the CONSULTANT to provide the following documentation with the executed agreement will cause delay in the agreement being executed by the City:

- A. Insurance as specified in Section 15 of this agreement;
- B. City Business License;

11. **STANDARD OF CARE.**

A. The CONSULTANT, in performing any services under this Agreement, shall perform in a manner consistent with that level of care and skill ordinarily exercised by members of the CONSULTANT'S trade or profession currently practicing under similar conditions and in similar locations. The CONSULTANT shall take all special precautions necessary to protect the

## Attachment B – Exhibit 1

CONSULTANT's employees and members of the public from risk of harm arising out of the nature of the work and/or the conditions of the work site.

B. Unless disclosed in writing prior to the date of this agreement, the CONSULTANT warrants to the CITY that it is not now, nor has it for the five (5) years preceding, been debarred by a governmental agency or involved in debarment, arbitration or litigation proceedings concerning the CONSULTANT's professional performance or the furnishing of materials or services relating thereto.

C. The CONSULTANT is responsible for identifying any unique products, treatments, processes or materials whose availability is critical to the success of the project the CONSULTANT has been retained to perform, within the time requirements of the CITY, or, when no time is specified, then within a commercially reasonable time. Accordingly, unless the CONSULTANT has notified the CITY otherwise, the CONSULTANT warrants that all products, materials, processes or treatments identified in the project documents prepared for the CITY are reasonably commercially available. Any failure by the CONSULTANT to use due diligence under this sub-paragraph will render the CONSULTANT liable to the CITY for any increased costs that result from the CITY's later inability to obtain the specified items or any reasonable substitute within a price range that allows for project completion in the time frame specified or, when not specified, then within a commercially reasonable time.

D. City's Right to Terminate for Default. If the CONSULTANT fails to perform or adequately perform any obligation required by this agreement, the CONSULTANT's failure constitutes a Default. If the CONSULTANT fails to satisfactorily cure a Default within ten (10) calendar days of receiving a written notice from the City specifying the nature of the Default, the City may immediately cancel and/or terminate this Agreement, and terminate each and every right of the CONSULTANT, and any person claiming any rights by or through the CONSULTANT under this Agreement. The rights and remedies of the City enumerated in this paragraph are cumulative and shall not limit the City's rights under any other provision of this Agreement, or otherwise waive or deny any right or remedy, at law or in equity, existing as of the date of this Agreement or enacted or established at a later date, that may be available to the City against the CONSULTANT.

**12. NON-DISCRIMINATION PROVISIONS.** The CONSULTANT shall not discriminate against any employee or applicant for employment because of age, race, color, ancestry, religion, sex, sexual orientation, marital status, national origin, physical handicap, or medical condition. The CONSULTANT will take positive action to insure that applicants are employed without regard to their age, race, color, ancestry, religion, sex, sexual orientation, marital status, national origin, physical handicap, or medical condition. Such action shall include but not be limited to the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The CONSULTANT agrees to post in conspicuous places available to employees and applicants for employment any notices provided by the CITY setting forth the provisions of this non-discrimination clause.

**13. CONFIDENTIAL INFORMATION.** The CITY may from time to time communicate to the CONSULTANT certain confidential information to enable the CONSULTANT to effectively perform the services to be provided herein. The CONSULTANT shall treat all such information as confidential and shall not disclose any part thereof without the prior written consent of the CITY. The CONSULTANT shall limit the use and circulation of such information, even within its own organization, to the extent necessary to perform the services to be provided herein. The foregoing obligation of this Section 13, however, shall not apply to any part of the information that (i) has been disclosed in publicly available sources of information; (ii) is, through no fault of the CONSULTANT, hereafter disclosed in publicly available sources of information; (iii) is already in the possession of the CONSULTANT without any obligation of confidentiality; (iv) has

## Attachment B – Exhibit 1

been or is hereafter rightfully disclosed to the CONSULTANT by a third party, but only to the extent that the use or disclosure thereof has been or is rightfully authorized by that third party; or (v) is disclosed according to law or court order.

The CONSULTANT shall not disclose any reports, recommendations, conclusions or other results of the services or the existence of the subject matter of this Agreement without the prior written consent of the CITY. In its performance hereunder, the CONSULTANT shall comply with all legal obligations it may now or hereafter have respecting the information or other property of any other person, firm or corporation.

CONSULTANT shall be liable to CITY for any damages caused by breach of this condition, pursuant to the provisions of Section 14.

**14. INDEMNIFICATION AND HOLD HARMLESS.** The CONSULTANT shall indemnify, defend, and hold harmless the CITY, and its officers, officials, agents and employees from any and all claims, demands, costs or liability that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of CONSULTANT, its employees, agents, and subCONSULTANTS in the performance of services under this Agreement. CONSULTANT's duty to indemnify under this section shall not include liability for damages for death or bodily injury to persons, injury to property, or other loss, damage or expense arising from the sole negligence or willful misconduct by the CITY or its elected officials, officers, agents, and employees. CONSULTANT's indemnification obligations shall not be limited by the insurance provisions of this Agreement. The CITY AND CONSULTANT expressly agree that any payment, attorney's fees, costs or expense CITY incurs or makes to or on behalf of an injured employee under the CITY 's self-administered workers' compensation is included as a loss, expense, or cost for the purposes of this section, and that this section will survive the expiration or early termination of this Agreement.

**15. INSURANCE.** The CONSULTANT, at its sole cost and expense, shall purchase and maintain, and shall require its subCONSULTANTS, when applicable, to purchase and maintain throughout the term of this agreement, the following insurance policies:

☒ A. If checked, Professional Liability Insurance (errors and omissions) with minimum limits of \$1,000,000 per occurrence.

B. Automobile insurance covering all bodily injury and property damage incurred during the performance of this Agreement, with a minimum coverage of \$1,000,000 combined single limit per accident. Such automobile insurance shall include hired and non-owned vehicles.

C. Comprehensive general liability insurance, with minimum limits of \$1,000,000 combined single limit per occurrence, covering all personal injury, bodily injury and property damage arising out of its operation under this Agreement. Contractual liability shall include coverage of tort liability of another party to pay for bodily injury or property damage to a third person or organization. Contractual liability limitation endorsement is not acceptable.

D. Workers' compensation insurance covering all of CONSULTANT's employees. The CONSULTANT shall comply with all of the provisions of the Worker's Compensation Insurance and Safety Acts of the State of California, the applicable provisions of Division 4 and 5 of the California Government Code and all amendments thereto; and all similar state or Federal acts or laws applicable; and shall indemnify, and hold harmless the CITY and its officers, and employees from and against all claims, demands, payments, suits, actions, proceedings and judgments of every nature and description, including reasonable attorney's fees and defense costs presented, brought or recovered against the CITY or its officers, employees, or

## Attachment B – Exhibit 1

volunteers, for or on account of any liability under any of said acts which may be incurred by reason of any work to be performed by the CONSULTANT under this Agreement. That policy shall provide a minimum of \$1,000,000 of employer's liability coverage, and the CONSULTANT shall provide an endorsement that the insurer waives the right of subrogation against the City and its respective elected officials, officers, employees, agents and representatives.

E. The aforesaid policies shall constitute primary insurance as to the CITY, its officers, employees, and volunteers, so that any other policies held by the CITY shall not contribute to any loss under said insurance. Said policies shall provide for thirty (30) days prior written notice to the CITY of cancellation or material change.

F. If any required insurance coverage is provided on a "claims made" rather than "occurrence" form, the CONSULTANT shall maintain such insurance coverage for three years after expiration of the term (and any extensions) of this Agreement.

G. Insurance shall be written with only California admitted companies which hold a current policy holder's alphabetic and financial size category rating of not less than A VIII according to the current Best's Key Rating Guide, or a company equal financial stability that is approved by the CITY.

H. Deductibles. All deductibles on any policy shall be the responsibility of the CONSULTANT

I. **Specific Provisions Required.** Each policy required under this section shall expressly provide, and an endorsement shall be submitted to the City, that:

1. Said policies, except for the professional liability and worker's compensation policies, shall name the CITY and its officers, agents and employees as additional insureds. The CITY's Additional Insured status must be reflected on additional insured endorsement form CG 20 12, or equivalent, which shall be submitted to the CITY.

2. The Policies cannot be canceled, non renewed or materially changed except after thirty (30) calendar days prior written notice by the CONSULTANT to the CITY by certified mail, as reflected in an endorsement which shall be submitted to the CITY except for non-payment of premium, in which case ten (10) days notice will be provided.

3. This Agreement shall not take effect until certificate(s) or other sufficient proof that these insurance provisions have been complied with, are filed with and approved by the CITY. If the CONSULTANT does not keep all of such insurance policies in full force and effect at all times during the terms of this Agreement, the CITY may elect to treat the failure to maintain the requisite insurance as a breach of this Agreement and terminate the Agreement as provided herein.

4. The CONSULTANT may obtain additional insurance not required by this Agreement.

16. **LEGAL FEES.** If any party brings a suit or action against the other party arising from any breach of any of the covenants or agreements or any inaccuracies in any of the representations and warranties on the part of the other party arising out of this Agreement, then in that event, the prevailing party in such action or dispute, whether by final judgment or out-of-court settlement, shall be entitled to have and recover of and from the other party all reasonable costs and expenses of suit, including reasonable attorneys' fees.

17. **MEDIATION/ARBITRATION.** If a dispute arises out of or relates to this Agreement, or the breach thereof, the parties agree first to try, in good faith, to settle the dispute by mutual negotiation between the principles, and failing that through nonbinding mediation in San Diego, California, in accordance with the Commercial Mediation Rules of the American Arbitration Association (the "AAA"). The costs of mediation shall be borne equally by the parties.

If a third part dispute or litigation, or both, arises out of, or relates in any way to the services provided under this Agreement, upon the City's request, the CONSULTANT, its agents,



## Attachment B – Exhibit 1

officers, and employees agree to assist in resolving the dispute or litigation. The CONSULTANTs assistance includes, but is not limited to, providing professional consultations, attending mediations, arbitrations, depositions, trials or any event related to the dispute resolution and/or litigation.

18. **TERMINATION.** A. This Agreement may be terminated with or without cause by the CITY. Termination without cause shall be effective only upon 30-day's written notice to the CONSULTANT. During said 30-day period the CONSULTANT shall perform all services in accordance with this Agreement. The CONSULTANT may terminate this agreement upon thirty (30) days prior notice in the event of a continuing and material breach by the City of its obligations under this Agreement including but not limited to payment of invoices.

B. This Agreement may also be terminated immediately by the CITY for cause in the event of a material breach of this Agreement that is not cured to the City's satisfaction within a ten (10) day prior cure period, or material misrepresentation by the CONSULTANT in connection with the formation of this Agreement or the performance of services, or the failure to perform services as directed by the CITY.

C. Termination with or without cause shall be effected by delivery of written Notice of Termination to the CONSULTANT as provided for herein.

D. In the event of termination, all finished or unfinished Memoranda Reports, Maps, Drawings, Plans, Specifications and other documents prepared by the CONSULTANT, whether paper or electronic, shall immediately become the property of and be delivered to the CITY, and the CONSULTANT shall be entitled to receive just and equitable compensation for any work satisfactorily completed on such documents and other materials up to the effective date of the Notice of Termination, not to exceed the amounts payable hereunder, and less any damages caused the CITY by the CONSULTANT's breach, if any. Thereafter, ownership of said written material shall vest in the CITY all rights set forth in Section 6.

E. The CITY further reserves the right to immediately terminate this Agreement upon: (1) the filing of a petition in bankruptcy affecting the CONSULTANT; (2) a reorganization of the CONSULTANT for the benefit of creditors; or (3) a business reorganization, change in business name or change in business status of the CONSULTANT.

F. The termination of the services shall be effective upon receipt of the notice by the CONSULTANT.

19. **NOTICES.** All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered; or sent by overnight mail (Federal Express or the like); or sent by registered or certified mail, postage prepaid, return receipt requested; or sent by ordinary mail, postage prepaid; or telegraphed or cabled; or delivered or sent by telex, telecopy, facsimile or fax; and shall be deemed received upon the earlier of (i) if personally delivered, the date of delivery to the address of the person to receive such notice, (ii) if sent by overnight mail, the business day following its deposit in such overnight mail facility, (iii) if mailed by registered, certified or ordinary mail, five (5) days (ten (10) days if the address is outside the State of California) after the date of deposit in a post office, mailbox, mail chute, or other like facility regularly maintained by the United States Postal Service, (iv) if given by telegraph or cable, when delivered to the telegraph company with charges prepaid, or (v) if given by telex, telecopy, facsimile or fax, when sent. Any notice, request, demand, direction or other communication delivered or sent as specified above shall be directed to the following persons:

To the CITY:

CITY MANAGER  
CITY OF LEMON GROVE  
3232 Main Street  
Lemon Grove, CA 91945-1701

# Attachment B – Exhibit 1

To the CONSULTANT:

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Notice of change of address shall be given by written notice in the manner specified in this Section. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to constitute receipt of the notice, demand, request or communication sent. Any notice, request, demand, direction or other communication sent by cable, telex, telecopy, facsimile or fax must be confirmed within forty-eight (48) hours by letter mailed or delivered as specified in this Section.

## **20. CONFLICT OF INTEREST AND POLITICAL REFORM ACT OBLIGATIONS.**

During the term of this Agreement, the CONSULTANT shall not perform services of any kind for any person or entity whose interests conflict in any way with those of the CITY OF LEMON GROVE. The CONSULTANT also agrees not to specify any product, treatment, process or material for the project in which the CONSULTANT has a material financial interest, either direct or indirect, without first notifying the CITY of that fact. The CONSULTANT shall at all times comply with the terms of the Political Reform Act and the Lemon Grove Conflict of Interest Code. The CONSULTANT shall immediately disqualify itself and shall not use its official position to influence in any way any matter coming before the CITY in which the CONSULTANT has a financial interest as defined in Government Code Section 87103. The CONSULTANT represents that it has no knowledge of any financial interests that would require it to disqualify itself from any matter on which it might perform services for the CITY.

If the CONSULTANT violates any conflict of interest laws or any of these provisions in this section, the violation shall be grounds for immediate termination of this Agreement. Further, the violation subjects the CONSULTANT to liability to the CITY for attorney fees and all damages sustained as a result of the violation.

☐ If checked, the CONSULTANT shall comply with all of the reporting requirements of the Political Reform Act and the CITY OF LEMON GROVE Conflict of Interest Code. Specifically, the CONSULTANT shall:

1. Go to [www.fppc.ca.gov](http://www.fppc.ca.gov)
2. Download the Form 700: Statement of Economic Interests
3. Completely fill out the form
4. Submit the form to the Public Works Department with the signed contracts.

The CONSULTANT shall be strictly liable to the CITY for all damages, costs or expenses the CITY may suffer by virtue of any violation of this Paragraph 21 by the CONSULTANT.

## **21. MISCELLANEOUS PROVISIONS.**

A. *Computation of Time Periods.* If any date or time period provided for in this Agreement is or ends on a Saturday, Sunday or federal, state or legal holiday, then such date shall automatically be extended until 5:00 p.m. Pacific Time of the next day which is not a Saturday, Sunday or federal, state or legal holiday.

## Attachment B – Exhibit 1

B. *Counterparts.* This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute but one and the same instrument.

C. *Captions.* Any captions to, or headings of, the sections or subsections of this Agreement are solely for the convenience of the parties hereto, are not a part of this Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof.

D. *No Obligations to Third Parties.* Except as otherwise expressly provided herein, the execution and delivery of this Agreement shall not be deemed to confer any rights upon, or obligate any of the parties hereto, to any person or entity other than the parties hereto.

E. *Exhibits and Schedules.* The Exhibits and Schedules attached hereto are hereby incorporated herein by this reference for all purposes.

F. *Amendment to this Agreement.* The terms of this Agreement may not be modified or amended except by an instrument in writing executed by each of the parties hereto.

G. *Waiver.* The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of any such provision or any other provision hereof.

H. *Applicable Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of California.

I. *Entire Agreement.* This Agreement supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between the parties as to the subject matter hereof. No subsequent agreement, representation, or promise made by either party hereto, or by or to an employee, officer, agent or representative of any party hereto shall be of any effect unless it is in writing and executed by the party to be bound thereby.

J. *Successors and Assigns.* This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.

K. *Construction.* The parties acknowledge and agree that (i) each party is of equal bargaining strength, (ii) each party has actively participated in the drafting, preparation and negotiation of this Agreement, (iii) each such party has consulted with or has had the opportunity to consult with its own, independent counsel and such other professional advisors as such party has deemed appropriate, relative to any and all matters contemplated under this Agreement, (iv) each party and such party's counsel and advisors have reviewed this Agreement, (v) each party has agreed to enter into this Agreement following such review and the rendering of such advice, and (vi) any rule or construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement, or any portions hereof, or any amendments hereto.

L. *Severability.* The unenforceability, invalidity, or illegality of any provision of this Agreement shall not render any other provision of this Agreement unenforceable, invalid, or illegal.

# Attachment B – Exhibit 1

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first above written.

## CITY OF LEMON GROVE

By: \_\_\_\_\_

Lydia Romero

City Manager

(Title)

\_\_\_\_\_  
(Date)

## GEORGE HILLS COMPANY

(Corporation – signatures of two corporate officers)

(Partnership – one signature)

(Sole proprietorship – one signature)

By: \_\_\_\_\_

(Name)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

## APPROVED AS TO FORM:

By: \_\_\_\_\_

James Lough

City Attorney

(Title)

\_\_\_\_\_  
(Date)

By: \_\_\_\_\_

(Name)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

# Attachment B – Exhibit 1

## Prepared for:

**City of Lemon Grove  
3232 Main Street  
Lemon Grove, CA 91945**

Submission to:  
Mike James  
Public Works Director



## Prepared by:

Susan Legare  
Business Development  
Manager

On behalf of John Chaquica,  
CPA, MBA, ARM  
Chief Executive Officer

George Hills Company  
3043 Gold Canal Drive  
Suite 200  
Rancho Cordova, CA 95670

Professional Claim Services  
Established 1954

## General Liability Claims Handling and Administration

**March 17, 2016**



# Attachment B – Exhibit 1

**Cover Letter from John Chaquica**  
*Chief Executive Officer, George Hills Company*

March 17, 2016

City of Lemon Grove  
Mike James, Public Works Director  
3232 Main Street  
Lemon Grove, CA 91945

Dear Mr. James;

As Chief Executive Officer of George Hills Company, Inc. (George Hills), I would like to thank you for the opportunity to submit a proposal for General Liability Claims Handling and Administration to the City of Lemon Grove (City).

George Hills is a California "C" Corporation, incorporated in 1978. We have provided best practice claims administration and litigation management services to private and public sector clients since 1954. Today, George Hills employs 40 experienced claims handling/incident management professionals, and 14 full-time corporate and support staff employees. We have seven (7) offices in the State of California and work with over 100 diverse clients, including counties, cities, school districts, insurance carriers, joint powers authorities, and agencies. Our firm's extensive California public entity claims handling history, along with our specific focus on property and liability third party administration, has resulted in George Hills' specialized knowledge of public entity oversight and claims handling needs.

In summary, the City of Lemon Grove has my promise George Hills will place the highest priority on responsiveness and quality customer service in meeting the City's unique general liability administration needs and requirements. George Hills' culture is focused on hiring the best people and providing them with the support and state-of-the-art tools necessary to deliver superior service and reports. I have made our service fees as economical as possible without compromising on talent, effort, or outcomes.

George Hills has all State of California permits, licenses, authorizations, approvals, and professional credentials necessary to perform services for the City of Lemon Grove. This proposal shall remain valid for 90 days from the due date of submittal.

Susan Legare, George Hills Business Development Manager, will be your contact throughout this bid process.

Susan Legare, Business Development Manager  
3043 Gold Canal Drive, Suite 200  
Rancho Cordova, CA 95670  
Phone: 916-844-4016 / Email: [susan.legare@georgehills.com](mailto:susan.legare@georgehills.com)

Respectfully submitted,

John E. Chaquica, CPA, MBA, ARM  
Chief Executive Officer, George Hills Company  
Email: [john.chaquica@georgehills.com](mailto:john.chaquica@georgehills.com)



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*"Best practice delivery of needed services and demonstrable customer-focused flexibility—that's what drives every George Hills engagement."*  
— John E. Chaquica, CPA, MBA, ARM, Chief Executive Officer



# Attachment B – Exhibit 1



## Tab 1

### Organization of Firm

Firm Name: George Hills Company, Inc.  
Address: George Hills Corporate Office—Sacramento/Rancho Cordova  
3043 Gold Canal Dr., Suite 200  
Rancho Cordova, CA 95670  
Phone: (916) 859-4800  
24-Hour: (855) George Hills-ADJS [422-2357]  
Fax: (916) 859-4805  
Ownership: John E. Chaquica, ARM, CPA, MBA  
Chief Executive Officer  
*Mr. Chaquica holds 100% of ownership and is the individual authorized to negotiate on behalf of George Hills.*

George Hills Company, Inc. (George Hills) is a California "C" Corporation, incorporated in the State of California in 1978. The company was founded in 1954 and has provided best practice liability and property claims administration and litigation management services to the public sector and private insurance carriers ever since. Our client base consists of counties, cities, school districts, joint powers authorities, transit/rail organizations, property management groups, self-insured employers, insurance carriers, and healthcare organizations.

George Hills has seven (7) offices in California: Fairfield, Wildomar, Oakland, Rancho Cordova/Sacramento, San Bernardino, San Jose, and Redding.

George Hills has 40 experienced claims professionals, and 14 full-time corporate and supporting staff. George Hills employees hold BA and MA degrees and/or industry certifications/designations, including: Associate in Risk Management (ARM); Registered Professional Adjuster (RPA); Casualty Claim Law Associate (CCLA); Workers' Compensation Claims Professional (WCCP); Workers' Compensation Claims Administrator (WCCA); California Self-Insured Administrator (SIA); Certified Public Accountants (CPA); Charter Global Management Accountant (CGMA); Federal Emergency Management (FEMA); and Certified Fraud Examiner (CFE). Of importance—George Hills is a multi-cultural, multi-lingual company. George Hills' call center personnel and translation service partners handle the translation needs of our field adjusters when requested.



# Attachment B – Exhibit 1

## Tab 2

### Staffing and Approach

#### Staffing

A strong differentiator for George Hills in providing quality, customer-focused claims service is in the way we assign teams of experienced individuals who have managed accounts similar to our clients' for many years. The senior claims adjusting professionals we propose for the City of Lemon Grove have extensive experience and knowledge in dealing with incidents, claims, and litigation against public entities. Each adjuster's workflow and case load will be collaborative, balanced, and supported at the primary and investigative levels, as well as checked at the supervisory and quality control levels.

#### Proposed Staff Resumes

**JOHN E. CHAQUICA, MBA, CPA, ARM**  
Chief Executive Officer  
George Hills Rancho Cordova/Sacramento  
(916) 859-4824 / john.chaquica@georgehills.com

**Current Position:** Chief Executive Officer, George Hills

**Past Experience:** John Chaquica has over 30 years of experience in risk management and is highly respected in the industry. Prior to joining George Hills as President and Chief Operating Officer in 2008, he was Chief Executive Officer of Bickmore Risk Services (BRS), a leading risk management company in the U.S. In addition to his role as Chief Executive Officer at BRS, he served as Executive Director for several California public entity self-insurance pools, and was a consultant to several other entities. Mr. Chaquica was a Partner at Gilbert Accountancy Corporation, serving as Audit Partner and Industry Team Leader/Public Entity Self-Insured Groups.

**Other:** Mr. Chaquica served as President and Treasurer of Sacramento's Court Appointed Special Advocates (CASA) and remains active in the American Institute of Certified Public Accountants (AICPA) and the California Society of Certified Public Accountants (CSCPA). Mr. Chaquica holds an MBA from Golden Gate University and a BS in Accounting from California State University, Sacramento. In addition, he holds an Associate in Risk Management (ARM) Designation from the Insurance Institute of America.

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**RANDY RENDIG, RPA, CCLA**  
President, Claims Administration  
George Hills Rancho Cordova/Sacramento  
(916) 859-4811 / randy.rendig@georgehills.com

**Current Position:** President, Claims Administration; George Hills Medicare Compliance Team Leader; Branch Manager, George Hills Rancho Cordova/Sacramento; Account Manager, County of Sacramento.

**Past Experience:** Randy Rendig's claims career began in 1976 at Liberty Mutual Insurance Company in San Jose, California. Over the course of his 40 years in the risk management/insurance industry, Mr. Rendig has had extensive experience in litigation management and complex liability cases in the public sector, as well as with self-insured accounts. His expertise includes public sector Medicare Compliance requirements and regulations.

**Other:** Mr. Rendig has a BA from UC Davis; RPA Designation, & CCLA Designation.

**NANCY WAYNE**  
Manager/Senior Adjuster/Investigator  
George Hills Norco and San Bernardino  
(951) 444-6299 / nancy.wayne@georgehills.com

**Current Position:** Manager/Senior Adjuster/Investigator

**Past Experience:** Nancy Wayne has over 35 years of industry experience. Known for her strong industry knowledge base and demonstrable workflow efficiencies, Ms. Wayne has been at George Hills for two years and has extensive city and district supervisory claims handling program experience. Today she services several PARSAC JPA cities in Southern California, including the cities of Menifee, West Hollywood, and Twenty-nine Palms, just to name a few. Over the course of her career she has handled claims for several CIPA cities, including Arcadia, Brea, Irvine, Laguna Beach, Orange, Tustin, Westminster and Yorba Linda. Ms. Wayne has also done a considerable amount of professional claims work for San Gabriel Valley JPA and ICRMA JPA. She is highly familiar with Government Code Requirements and Immunities as well as with complex claims handling processes and procedures. Prior to joining George Hills she worked for Carl Warren & Company. She has also worked at Hazelrigg Risk Management Services and Ward North America Nova Pro.

**Other:** Ms. Wayne is an avid participant in accredited risk management industry events and programs.

**KATHLEEN WILLIAMS, WCCA, CFE, FEMA Certified**  
Quality Assurance Manager/Subrogation Specialist  
George Hills Rancho Cordova/Sacramento  
(916) 859-4808 / kathleen.williams@georgehills.com

**Current Position:** Quality Assurance and Subrogation Specialist

**Past Experience:** Kathleen Williams began her claims career in 1988 while at The Prudential Health Insurance Company, processing and auditing healthcare claims before moving onto investigating fraudulent health claims for the company. Ten years later, Ms. Williams served as a Claims Analyst for Delta Health Systems, developing the Special Investigations Unit which incorporated the Health Care and Workers' Compensation Third Party Liability Recovery and Fraud team. In 2000, she began serving the public sector as an in-house Claims Analyst, handling the City of Stockton's tort claims. Seven years later, Ms. Williams was promoted to the City's Risk Manager. At the end of 2011, she joined George Hills as a Quality Assurance



# Attachment B – Exhibit 1

Manager to support the company's best practice TPA services, including the production and distribution of client monthly reports, the optimization and standardization of technology used company-wide, and the documentation of George Hills' SSAE 16 Type 1 & 2 compliance processes as well as Medicare Set Aside requirements. Ms. Williams is known for her specialized work in subrogation recovery.

**Other:** Ms. Williams holds a BS from California State University, Sacramento, a Workers' Compensation Claims Administration (WCCA) Designation from the Insurance Education Association, and Certified Fraud Examiner (CFE) Designation from Association of Certified Fraud Specialists.

## **ANDREW DUNCKEL**

**Business Systems Manager**

**George Hills Rancho Cordova/Sacramento**

**(916) 589-4807 / andrew.dunckel@georgehills.com**

**Current Position:** Business Systems Manager, IT Manager/SIMS™ & IVOS™ Specialist

**Past Experience:** In the past, Mr. Dunckel has managed projects at Dot and Bo. He also has experience building and writing software, having built software prototypes at HP Labs and written software at Fifth Sun.

**Other:** Mr. Dunckel graduated from California State University, Chico in 2013 with a BS in Business Administration with an emphasis in Accounting and minors in Project Management and Management Information Systems.

## **Approach**

George Hills adjuster assignment and rotation procedures are monitored closely for each George Hills client. George Hills claim adjuster assignments and caseload are usually based on the complexity of the adjuster's claims. Typically, account Managers/supervisors' caseloads are 50 to 75 pending files; senior bodily injury adjusters' caseloads are 125 to 150 pending files; and senior property adjusters' caseloads are 150 to 200 pending files. George Hills adjusters handling auto, property, and subrogation claims average between 100 to 125 pending files. We attempt to impose a maximum case load of 150 pending files, but we recognize that there are often files on an adjuster's pending list that are dormant, especially for public agencies when files sometimes remain open simply awaiting expiration of the statute following a claim rejection, in which case the pending claims may be higher.

## **Training**

All George Hills staff training courses for internal staff and/or clients are based on need and request. The courses range in subject matter from how to use generated loss control reports for sound business decision-making to coordinating programs focused on using technology to enhance client efficiency. We consistently keep staff and clients informed of our training classes and/or industry-sponsored courses in risk management that we feel would be of value. George Hills' "Lessons Learned" experiences from 60 years in the business, presented in round table format and in thought leadership lunch meetings with clients, help to alert public entities of possible outcomes with greater efficiencies and cost controls. George Hills' internal staff training includes an initial job-specific orientation phase that includes training to become familiar with George Hills' technology, as well as an introduction to our value-add George Hills Intranet resources. We have monthly trainings to discuss timely topics related to the industry and our clients. George Hills adjusters, supervisors, and Executives receive ongoing updates on current

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California Government Codes and Legislation, as well as local, state, and federal regulations, policies, and rules that have a direct effect on our client base. They receive these updates via emails, webinars, and newsletters, as well as during conferences and forums.

## Office Locations and Contact Information

<b>SACRAMENTO</b> 3043 Gold Canal Drive, Suite 200 Rancho Cordova, CA 95670 <b>Phone:</b> (916) 859-4800 <b>Fax:</b> (916) 859-4805 <b>Contact:</b> Susan Legare (916) 844-4016	<b>OAKLAND</b> c/o HSNO 1330 Broadway, Suite 430 Oakland, CA 94608 <b>Contact:</b> Tammy Hunt (916) 233 2544
<b>SAN JOSE</b> 4010 Moorpark, Suite 106 San Jose, CA 95117 <b>Phone:</b> (408) 260-2030 <b>Fax:</b> (408) 260-0154 <b>Contact:</b> Rodger Hayton (408) 260-0152	<b>SAN BERNARDINO</b> 275 W. Hospitality Lane, Suite 316 San Bernardino, CA 92408 <b>Phone:</b> (909) 806-4001 <b>Fax:</b> (909) 806-4043 <b>Contact:</b> Craig Yeary (909) 806-4184
<b>FAIRFIELD</b> 4830 Business Center Drive, Suite 130 Fairfield, CA 94534 <b>Phone:</b> (707) 419-7500 <b>Fax:</b> (707) 419-7505 <b>Contact:</b> Chris Carmona (707) 419-7517	<b>WILDOMAR</b> <b>Phone:</b> (951) 226-8853 <b>Fax:</b> (909) 806-4001 <b>Contact:</b> Nancy Wayne (714) 585-0922
<b>REDDING</b> PO Box 992600 Redding, CA 96099 <b>Phone:</b> (530) 524-2626 <b>Contact:</b> Chris Carmona (707) 419-7517	



# Attachment B – Exhibit 1

## Tab 3

### Experience

#### Overview of Qualifications

George Hills Company, Inc. (George Hills) has provided best practice liability and property claims administration and litigation management services to the public sector and private insurance carriers ever since the company was founded in 1954. Our client base consists of counties, cities, school districts, joint powers authorities, transit/rail organizations, property management groups, self-insured employers, insurance carriers, and healthcare organizations. At George Hills, we aim to provide excellent service through industry knowledge and innovation. Our success is evident by our ability to maintain an ongoing client retention rate average of 90%, including some clients who have been with us for over 30 years.

George Hills' stated mission for over 60 years has been "to provide the highest level of quality, customer-focused claims service." We accomplish that by assigning a team of passionate and experienced individuals who have managed similar accounts to every client. We believe that relationship building is critical to the joint success of service provider and client and the best way to building a good relationship is to provide excellent, customized service.

Notably, 95% of our clients are public entities. George Hills' distinct focus on liability and property incident/claims administration, litigation management, and investigative services gives our firm in-depth knowledge and experience in these specific areas of loss control and client asset protection.

George Hills has 40 experienced claims professionals, and 14 full-time corporate and supporting staff. George Hills employees hold BA and MA degrees, and/or industry certifications/designations, including Associate in Risk Management (ARM); Registered Professional Adjuster (RPA); Casualty Claim Law Associate (CCLA); Workers' Compensation Claims Professional (WCCP); Workers' Compensation Claims Administrator (WCCA); California Self-Insured Administrator (SIA); Certified Public Accountants (CPA); Charter Global Management Accountant (CGMA); Federal Emergency Management (FEMA); and Certified Fraud Examiner (CFE). Of importance—George Hills is a multi-cultural, multi-lingual company. George Hills' call center personnel and translation service partners handle the translation needs of our field adjusters when requested.

George Hills also provides a JPA Formation and Management Division, as well as a Subrogation Recovery Division, to our breadth of quality-driven client offerings. In addition, in an effort to continue to innovate, we have continuously developed a dedicated Information Technology Department (IT) that works directly with our clients, as needed, for custom reports and inputting/managing data entry. Today we use both SIMS Claims™ and iVOS™ for our claims management. George Hills has SSAE 16 Type 1 Compliance Certification and a team in place for meeting/supporting all Medicare Secondary Payer Reporting Requirements, Laws and Regulations.

While George Hills' turnover in the last five years has averaged less than 5% per year, we are continually focused on bringing in new talent as we grow the firm and prepare for the future with a strong "next generation best practices workforce" of risk management professionals.

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## Competitive Advantages

- ✓ Subrogation Recovery Program for Public Entities
- ✓ Sub-Rosa and Fraud Investigation Programs
- ✓ George Hills' iMetrics™ Program for Public Entities
- ✓ 62 Years in Business with Low Turnover
- ✓ Highly Experienced Staff
- ✓ One owner—John Chaquica, CPA, MBA, ARM
- ✓ Financially Stable
- ✓ Solid Reputation
- ✓ Customized Boutique Programs with Hands-On Claims Service
- ✓ SSAE-16



The services provided by George Hills include the following:

- Auto Liability
- Business Interruption
- Construction Defects
- General Liability
- Inter-Company Arbitrations
- Products Liability
- Professional Liability
- Property
- SIR Claims Administration
- Recovery
- Subrogation/Contribution Recovery
- Third-Party Administration (liability/property)
- Expert Witness
- Litigation Management
- Trial Preparation
- Inland Marine
- Sub Rosa Investigations
- Employment Practices Investigations
- Independent Adjusting
- Talent Placement Network
- Staff Training Programs
- Risk Management Program Assessment Evaluation

George Hills does not have any financial problems, pending litigation, planned office closures, or impending mergers that may affect our ability to perform contractually. George Hills certifies that the firm and its principals are not debarred, suspended, or otherwise declared ineligible to contract by any federal, state, or local public agency, or declare and explain any such status.

# Attachment B – Exhibit 1

## References

George Hills works with over 100 diverse clients. The City of Lemon Grove should feel free to contact any entity listed as a reference below for George Hills' best practice customer service and General Liability Administration.

<u>Sacramento County</u> P.O Box 276130, Sacramento, CA 95827	Description: Estimated annual new claim volume: 650.	
Project Start: 1983	Project Status: Current	
Steve Page, Risk Manager	(916) 870-6067	pages@saccounty.net
<u>County of Napa</u> 1195 Third St. , B-20, Napa, CA 94559	Description: Administration of County of Napa's liability & property claims. Estimated annual new claim volume: 40.	
Project Start: 1980	Project Status: Current	
Kerry John Whitney, Risk Manager	(707) 253-4821	kerry.whitney@countyofnapa.org
<u>City of Sunnyvale</u> 456 W. Olive Ave. Sunnyvale, CA 94086	Description: Administration of City of Sunnyvale's liability and property claims. Estimated annual new claim volume: 103.	
Project Start: 1995	Project Status: Current	
Anthony Giles, Risk Manager	(408)-730-7503	agiles@sunnyvale.ca.gov
<u>CSAC-EIA – Pool of 218 entities (54 CA counties)</u> 75 Iron Point Circle, Suite 200, Folsom, CA 95630	Description: A preferred provider for administration of pool's primary liability & property claims. Estimated annual new claim volume: 300.	
Project Start: 1997	Project Status: Current	
Mike Pott, Chief Claims Officer	(916) 850-7333	mpott@csac-eia.org
<u>City of Rancho Cordova</u> 2729 Prospect Park Dr., Rancho Cordova, CA 95670	Description: Administration of City of Rancho Cordova's liability and property claims.	
Project Start: 2008	Project Status: Current	
Mindy Cuppy, CMC	(916) 851-8721	mcuppy@cityofranchocordova.org
<u>City of Richmond</u> 450 Civic Center Plaza, P.O. Box 4046, Richmond, CA 94804	Description: General Liability Claims Handling and Administration.	
Project Start: 2004	Project Status: Current	
Kim Greer, Risk Manager	(510) 620-6605	kim.greer@ci.richmond.ca.us
<u>CharterSafe</u> 6520 Platt Avenue, Suite 250, West Hills, CA 91307	Description: Administration of CharterSafe liability & property claims. Estimated annual new claim volume: 120.	
Project Start: 2009	Project Status: Current	
Sue Bedard, Risk and Claims Manager	(818) 429-3474; (818) 709-1570	sueB@communityRS.com; Sbedard@charterSafe.net
<u>San Francisco USD</u> 1011 Andersen Drive, San Rafael, CA 94901-5318	Description: Administration District's liability and property claims. Estimated annual new claim volume: 20* For SFUSD George Hills investigates EPL cases, predominantly EEOC complaints.	
Project Start: 2005	Project Status: Current	
Cathy Bui	(415) 241-6054	buic@sfusd.edu



# Attachment B – Exhibit 1

## Tab 4

### Scope of Work

George Hills has outlined its best practices processes and procedures in its proprietary *Best Practices Claims Handling Manual*. It includes all steps outlined below. Important to note—all George Hills adjusters must follow the processes and procedures outlined in the Manual in accordance with a client's specific rules, regulations, and requirements.

At George Hills we believe a claim adjuster's job is to investigate, document, negotiate, and settle claims. We also believe early intervention is the foundation of good claims and litigation management. This philosophy is centered on a core understanding that our client's interests, both financial and social, are best served by working together to reduce the frequency and severity of claims, and when they do occur, to reduce the average cost of those claims. George Hills' claims handling procedures are built on the knowledge that early contact with all involved parties helps maintain lines of communication and rapport, not only with the insured/client, but also with the claimant. Therefore, George Hills requires an attempt be made to contact the client/insured and the claimant within 24 hours. Upon notification of any new claim, a claim is initiated in our database management system and a file is established and assigned to an adjuster by the Account manager/supervisor. The file is the responsibility of the adjuster, with the Account manager/supervisor always having working knowledge of pending and open files in the account's database.

George Hills maintains all adjuster claims on electronic diaries. George Hills uses a review system to ensure accurate record keeping, including manual reviews by the adjuster responsible for any account and the Account manager when appropriate. Account teams also meet to discuss the "Watch List" (active, high exposure claims) files—i.e., to analyze data accuracy, compare thoughts, and/or challenge claims analysis to enhance claim settlement. More information about George Hills' Quality Assurance methods and procedures can be found in Tab 5.

#### **A. Claims Handling**

George Hills will promptly make up a claim file after receipt of the claim from the City, as well as investigate claims and incidents which may be the subject of such claim against the City, and recommend acceptance/rejection of submitted claims

George Hills will assess and evaluate the nature and extent of each claim, and establish claim reserves for general damages, property loss, investigation expenses, and legal expenses. George Hills will ensure timely claim handling, including follow-up with claimants regarding claim issues and processing.

George Hills will determine the need for defense representation, recommend legal counsel, and monitor litigation activity. The selection of defense and subrogation counsel shall be made by the City of Lemon Grove with input from George Hills.

George Hills will report claims to the excess insurer and work with the insurer on a claim's progress, in accordance with the insurer's reporting requirement, submitting requests for reimbursement on behalf of the City of Lemon Grove to the insurer.



# Attachment B – Exhibit 1

George Hills will coordinate Medicare and Medicaid set aside agreements in compliance with Section 111 of the MMSEA, including all required reporting. George Hills' Medicare Compliance Team is headed up by our President, Claims Administration Randy Rendig, RPA, CCLA. The team responds immediately to clients having any Medicare-related questions, concerns, or challenges and ensures all necessary paperwork and documentation is completed in a timely manner. The team also makes sure all monthly data and progress reports are accurate and current, and that the staff is always fully trained and updated on MSP, SCHIP, MIR, and Medicare Set Aside Allocation policies/rules.

George Hills feels it is its duty to proceed against responsible persons, agencies, and or agents in subrogation actions in an effort to recover losses suffered by the City of Lemon Grove by way of compensable property damage.

George Hills will provide a designated claim adjuster for the City of Lemon Grove. George Hills also acknowledges and confirms the claim adjuster may not be changed without mutual consent by the City of Lemon Grove during the term of the contract.

## **B. Litigation**

George Hills has developed a proprietary *Best Practices Claims Handling Manual* and a *Best Practices Litigation Management Manual* which include all requested steps outlined and confirmed below. All George Hills adjusters must follow the processes and procedures outlined in the manuals in accordance with a client's specific rules, regulations, and requirements.

George Hills will closely monitor litigation efforts and communicate regularly with the City of Lemon Grove staff regarding litigation.

George Hills understands settlement authority on litigated claims must be approved by the City of Lemon Grove staff prior to being presented or negotiated with the claimant's attorney.

George Hills agrees prior to any settlement conference, we and/or legal counsel, whichever is appropriate, will provide a written analysis of the case, including options and recommendations for settlement.

George Hills will inform the City of Lemon Grove staff of all settlement offers received from the claimant or the claimant's attorney.

George Hills will provide litigation management on litigated cases, controlling defense activities, ensuring early settlement options are considered if appropriate, communicating regularly with defense counsel, and monitoring cost of litigation.

## **C. Financial Accounting**

George Hills' Financial Accounting Management processes are outlined in George Hills' *Best Practices Claims Handling Manual* and can be further customized to meet requests from the City of Lemon Grove. Payments of claims and expenses are typically requested by the handling adjuster and can be processed in our Sacramento Corporate Office, located in Rancho Cordova, with the client setting up a trust account for that purpose. The checks and back-up data are then given to an authorized signer. Once the checks are signed, they are reviewed by a second account authorized signature and are mailed. Positive Pay is utilized by many of our clients as a protection against fraud. If the bank statement is sent to George Hills for balancing,

# Attachment B – Exhibit 1

the task is done by George Hills' Financial Accountant. The City of Lemon Grove can conduct a financial audit of the trust account at any time to ensure the integrity of the account. George Hills settles claims within established limits of authority, and will consult with the City of Lemon Grove regarding settlements that exceed the established limit of authority. Of note—George Hills will actively work on all settlement negotiations within the authority granted by the City of Lemon Grove and shall secure all appropriate releases, dismissals, and other closing documents for the claims file.

George Hills will provide a copy of all checks, vouchers, or warrants drawn by us to pay benefits of the City of Lemon Grove claims. In addition, George Hills will provide a monthly check/voucher register of all transactions made for the period.

George Hills understands the City of Lemon Grove reserves the right to conduct a financial audit of the trust account to ensure the integrity of the account.

## **D. Data Products**

George Hills has developed a proprietary *Best Practices Claims Handling Manual* which includes all requested steps outlined and confirmed below. All George Hills adjusters must follow the processes and procedures outlined in the manual in accordance with a client's specific rules, regulations, and requirements. George Hills uses state-of-the-art claims management software (iVOS™ and SIMS™ Claims)—both have read only access, reporting, and modification abilities unmatched in the market. The City of Lemon Grove will continue to be supported by SIMS™ Claims.

George Hills will provide a computerized loss analysis and summary report each month as stated and various responsive reports on demand at no additional charge. Please refer to **Appendix A in Tab 8** of this response for sample George Hills' decision-making reports which we typically provide our public entity clients.

George Hills will provide loss run data and required reports for actuarial, auditing, and reserve analysis purposes.

George Hills software systems are Windows based, available 24 hours per day, 7 days per week, and able to provide email exchanges.

George Hills currently contracts with Systema, who provides a "hosted environment" utilizing Systema as the host.

George Hills will provide compliance with reporting requirements for liability, including self-insurance, under Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA). The team responds immediately to clients having any Medicare-related questions, concerns, or challenges and ensures all necessary paperwork and documentation is completed in a timely manner..

George Hills will provide training, support, and software access to the City of Lemon Grove's Risk Manager to look up claim information and data as required and run reports as needed.

## **E. Additional Services**

# Attachment B – Exhibit 1

George Hills will attend hearings, settlement conferences, conferences with defense counsel, small claims court proceedings, and meetings with City staff when required.

George Hills will communicate—in writing, orally, or in person—with the City of Lemon Grove staff as this is an important element of the services expected.

George Hills understands all records, files, transcripts, computer tapes and other materials on claims adjusting activity developed on the City of Lemon Grove claims is the property of the City of Lemon Grove and must be relinquished in good order and condition upon termination of this contract with the adjusting firm. The City of Lemon Grove shall not be required to pay any additional cost for the transfer of files to the City of Lemon Grove.

George Hills will attend all meetings with the City of Lemon Grove staff as requested.

George Hills will be available for file audit checks by the City when requested.

George Hills will cooperate with file and program audits with City designated auditors.

George Hills will be available to respond, potentially upon short notice, to a major emergency or catastrophe involving potential claims. George Hills can respond immediately in the case of a California disaster/catastrophe having many offices and a deep bench of adjusters throughout California.

George Hills will provide a monthly claims diary of all open files and enter review notes on claim reporting system.

George Hills will provide training to the City of Lemon Grove managers and supervisors on general liability issues, loss control, management responsibilities, and practices to improve reduction of filed claims.

George Hills will provide email communications for the designated Claims adjuster to the City of Lemon Grove staff.

George Hills will provide an administrative manual on claims processing to the City of Lemon Grove.



# Attachment B – Exhibit 1

## George Hills' Expanded Subrogation Recovery Program for Public Entities

George Hills Value-Add Program Services Fees	
Sub-Rosa and Fraud Investigations	\$85 per hour
<u>Expanded Subrogation Recovery for Public Entities</u>	
Total Program Fee	30% of amount collected with a minimum of \$250 per claim
Subrogation Recovery Services to include:	
<i>Subrogation Recovery Client Set-Up</i>	
Meet with client and review organization structure ordinances	
Coordination meeting with Department Heads to establish role and contact information	
Development and review of Customized Policy and Procedures for client and staff	
Review reporting requirements/implement Standardized Forms	
<i>Subrogation Recovery Claim Handling Services</i>	
Set up claim file on receipt of incident; maintain claim file on each potential/actual incident reported	
Assess and evaluate the nature and extent of each claim	
Prepare proofs of loss statement and forward to appropriate party	
Initiate settlement discussion with appropriate party through resolution	
Provide an account manager and lead subrogation adjuster	
<i>Subrogation Recovery Reports</i>	
Weekly/Quarterly—showing number of cases, total lien amounts pending and total recovery obtained	
iMetrics™ Business Intelligence Reports with Executive In-Person Debriefs	No charge
"Lessons Learned" Round Tables for Public Entity Risk Management Teams	No charge

## George Hills' iMetrics™ Program for Public Entities

George Hills' iMetrics™ Business Intelligence Reports include an in-person debrief from a member of George Hills' Executive Team—all risk management industry leaders. George Hills dashboard reports will provide highly targeted, on-demand data for optimum City of Lemon Grove loss and risk control decision-making and statistical reporting. The City of Lemon Grove will be able to clearly identify cost drivers, monitor program performance gaps, and discover opportunities for cost reduction. The reports are intuitive with easy-to-read custom claim data templates, graphs, charts, and process maps.



## George Hills' 'Lessons Learned' Round Table

We offer "lessons learned" experiences in round table format and in one-on-one meetings to see critical public entity drivers of efficiencies and cost controls. They will alert the City of Lemon Grove for possible future prevention. George Hills' round tables are based on a client's need and requests. They range in subject matter from how to use generated loss control reports for sound business decision-making to coordinating programs focused on use of technology to enhance client efficiency.

# Attachment B – Exhibit 1



## **Tab 5**

### **Quality Control Procedures**



#### **George Hills has SSAE-16 Type 1 Report Compliance Status**

The Statement on Standards for Attestation Engagements (SSAE-16) Report replaced SAS 70 Certification as our industry's prestigious mark of achievement on June 15, 2011. George Hills received official SSAE-16 Type 1 Report Compliance Status in 2012 and continues to meet and exceed the Report's rigorous requirements, providing ongoing assurance to current and future George Hills' clients of our firm's outstanding procedures, policies, and controls. George Hills' SSAE-16 Type 1 Report Compliance also recognizes our firm's best practice procedures and has the controls in place when using technology to provide accurate and secure TPA and JPA financial information.

George Hills' President, Claims Administration, Mr. Randy Rendig, RPA, CCLA, and George Hills' Quality Assurance Manager, Ms. Kathleen Williams, WCCA, CFE, conduct best practice oversight and internal claims handling audits for all of George Hills' clients to ensure quality management and proper resources are always at optimum levels. In addition, outside client vendor evaluations and claim audit reviews are conducted for consistency in external evaluations. George Hills is happy to work with the City of Lemon Grove to develop specifically tailored quality control reviews and metrics to suit the City of Lemon Grove's specific and unique needs.

George Hills' proprietary best practices are written in our firm's *Claims Procedures Manual* which sets forth policies and procedures that must be followed in accordance with the specific rules and requirements of our client—and they are tracked per adjuster, per claim.

George Hills uses a review system to ensure accurate data in adjuster diaries, including manual reviews by the adjuster responsible for any account, and the Account Manager when appropriate. These reviews take place at different times, including when loss runs are generated to be certain the information forwarded to the client by way of that loss run is accurate. Diaries are reviewed weekly—and will be reviewed as such by City of Lemon Grove's Account Manager to be certain all City of Lemon Grove files are getting the attention they need and deserve. Each diary review includes an update of the Plan of Action (POA), or strategy, geared toward resolution of the case and review of reserve adequacy. Each file should contain all the reports generated, and documentation of communications had between relevant parties. Should a file be missing anything, the Account Manager will notice and follow through with the adjuster assigned to the account.

Each George Hills adjuster's open file count is reviewed monthly by George Hills President, Claims Administration, Mr. Randy Rendig, RPA, CCLA. Limited audits are done quarterly. The reviews and audits help us judge and measure the performance of claims work at George Hills and whether the company's standards and best practices are being followed. The reviews also assist us in evaluating whether the adjuster has effectively:

# Attachment B – Exhibit 1

- Reduced overall pending claims
- Reduced litigated files pending
- Reduced the average life span of his/her cases
- Established and monitored defense counsel budgets
- Reduced litigation expenses

Ten (10) files are chosen randomly each quarter for each adjuster and reviewed. Should a file be missing anything, there is follow through with the adjuster assigned to the account.

Account teams meet monthly regarding the "Watch List"—active, high exposure claims—files to analyze data accuracy, compare thoughts, or challenge claims analysis to enhance claim settlement.

At George Hills, "service" is the operative word in client services. It is the foundation of our firm's culture and processes. We work as a collaborative, customer-focused team with our clients' risk management staffs—our mutual intent being: appropriate and fair settlements, prevention of loss, and the lessening of the severity of claims. Supported by technology and reporting modules, George Hills' customer service team guides and supports clients in a timely manner, transitioning them into a trusted system and fostering valued, long-term relationships along the way. As mentioned earlier in this response, George Hills' *Claims Procedures Manual* sets forth our policies, procedures, and quality assurance/control "stops." Listed below are George Hills' best practice, highly-monitored claim processes—all of which are assurance of optimum customer service and efficiency.

George Hills' highly-monitored, quality-focused, claim processes are as follows:

1. **Within one (1) business day** of receipt of an assignment and acknowledgement of receipt of the claim assignment from the City of Lemon Grove, a George Hills claims file will be set up. George Hills will attempt contact with all known claimants, and a claim investigation will begin.
2. **Within two (2) business days** of receipt of assignment, all files will be created and reserved, and all necessary data will be input into the claims information system.
3. A diary system will be established to ensure that each assigned case is reviewed on a timely basis.
4. The George Hills adjuster completes an initial review of claim **within five (5) business days** and notifies the entity whether the claim is timely and sufficient. This confirms the claim complies with the reporting requirements set forth in the California Government Code.



## Attachment B – Exhibit 1

5. All payment, reserve revisions, and file closings will be promptly and accurately reported to the entity in the **monthly claims status reports if requested** and within the claims database.
6. Settlement authority is obtained from the entity in the manner prescribed by the entity prior to negotiating settlement.
7. Settlement checks will be issued to the claimant **within five (5) business days** of receipt of the signed release.
8. All refund and voided checks will be processed **within three (3) business days** of receipt.
9. George Hills' claims manager/supervisor will maintain separate diaries as warranted and other audit controls necessary to review and/or ensure all claims for timeliness and quality assurance in all claims standards and reporting requirements.
10. Payment and future reserves will be comprised of the categories listed in RFP.
11. The entity will, if requested, receive monthly claim status reports with detailed breakdowns of reserves, as specified; additional categories will be added at the entity's request.

# Attachment B – Exhibit 1

## Tab 6

### Reports

All George Hills-generated reports help our clients manage their programs by providing real-time technology-based visibility and control of their processes and procedures. George Hills reports help determine if optimum claim handling levels are being met and if proper resources are issued and used in a timely and efficient manner. Our client reports assist in the post-analysis review of all claims, establishing lessons learned and quality control improvement points. All George Hills reports are sent to the client in pdf, tiff or jpeg format, and all can be made available on disk. It is typical for our clients to receive loss runs either monthly, quarterly, or annually. They can show current values or "as of" a scheduled point in time (e.g., the end of the month, quarter, or fiscal year). Our reporting module allows reports to run in multiple formats. The ability to adjust the criteria on a report ensures that a client receives the data requested and only that data. There is no need to filter out unwanted information. Report "runs" can be generated more or less often, as per client needs, at no extra cost. Please see the **Appendix A in Tab 8** for samples of the George Hills reports listed below. We are happy to discuss other reports needed for the City of Lemon Grove.

- **Sample Report 1: *Check Register Report***  
Provides individual or multiple payments on a claim, is a payment transaction record for each claim.
- **Sample Report 2: *Claim Register Report***  
Provides multi-line information for each claim with different buckets of payments and reserves broken out for optimum detail.
- **Sample Report 3: *Transaction Register Report***  
Provides claim payment within a specific period.
- **Sample Report 4: *Diary Report***  
Provides claim work completed and/or in process of completion.
- **Sample Report 5: *Preliminary Initial Property Report***
- **Sample Report 6: *Preliminary Property Full Captioned Report***
- **Sample iMetrics™ Reports: *Detailed Data Report***  
Provide additional information for decision-making and forecasting.

Today at George Hills, we use both SIMS Claims™ and iVOS™ technology as our Public Entity Risk Management Information Systems (RMIS) software for meeting client needs. For the City of Lemon Grove we will continue to use SIMS Claims™. The use of SIMS Claims™ for the City of Lemon Grove enhances our service workflow efficiencies and custom reporting capabilities, allowing real-time access to decision-making data, metrics, and trends. For "read only" access, reporting, and modification abilities to meet the City of Lemon Grove's needs, our technology offerings are unmatched. The City of Lemon Grove staff is assured easily accessible data information via the Internet using a secure password. With direct "read only" access, the City of Lemon Grove staff can view specific electronic claim files and notes directly at any time and generate detailed claims information and customized reports. Our reporting module is highly configurable and can be customized to meet client needs with detailed claims information and Standard, Custom, and Adhoc Reports usually within 24 hours of request. A monthly download of claims data, including payments in a predetermined format can also be generated.



# Attachment B – Exhibit 1

**Tab 7**  
**Fees**

Capped Time and Expense	
Claim Services—including office/overhead expenses <i>In the unlikely event of a catastrophe, the cap will require further negotiation.</i>	\$83 per hour Capped at \$15,000 annually excluding expenses
Mileage	\$0.55 per mile (IRS Approved)
Pot Hole Claims—flat fee unless referred to Small Claims Court, at which point hourly fees will be charged	\$225 flat fee
Photo Expenses	\$2.00 per photo
Photo Copy Expense	\$0.25 per page
Transcriptions of Recorded Statements	\$3.50 per page
Monthly Loss Run Reporting	Included
Data Processing	Included
1099 Preparation	Included
Fee for Any Injury Index Entry	\$15
Ancillary Services	
Annual Administration Fee	Included
Administration	Included
Data Management	Included
Account Management	Included
Claim Reporting (online, fax, telephone)	Included
Detailed Annual "Stewardship Report"	Included
Electronic Delivery of Monthly Loss Return	Included
One Time Data Conversion/Program Transition Charge <i>Cost varies based on current system used, amount of open claims, etc.</i>	Estimated \$1,000 Capped at \$1,500
George Hills Value-Add Program Services Fees—Priced for the City of Lemon Grove	
Sub-Rosa and Fraud Investigations	\$85 per hour
<u>Expanded Subrogation Recovery for Public Entities</u>	
Total Program Fee	30% of amount collected with a minimum of \$250 per claim
Subrogation Recovery Services to include:	
Subrogation Recovery Client Set-Up	
Meet with client and review organization structure ordinances	
Coordination meeting with Department Heads to establish role and contact information	
Development and review of Customized Policy and Procedures for client and staff	
Review reporting requirements/implement Standardized Forms	
Subrogation Recovery Claim Handling Services	
Set up claim file on receipt of incident; maintain claim file on each potential/actual incident reported	
Assess and evaluate the nature and extent of each claim	
Prepare proofs of loss statement and forward to appropriate party	
Initiate settlement discussion with appropriate party through resolution	
Provide an account manager and lead subrogation adjuster	
Subrogation Recovery Reports	
Weekly/Quarterly—showing number of cases, total lien amounts pending and total recovery obtained	
iMetrics™ Business Intelligence Reports with Executive In-Person Debriefs	No charge
"Lessons Learned" Round Tables for Public Entity Risk Management Teams	No charge

# Attachment B – Exhibit 1

## Tab 8

### Appendices

*Appendix A: George Hills Decision-Making Report Samples*

*Appendix B: George Hills TPA Experience/Expertise Brief Case Study Examples*


# Attachment B – Exhibit 1

## Appendix A.

### George Hills Report Sample 1

#### Sample Check Register Report

Provides individual or multiple payments on a claim; is a payment transaction record for each claim.



**Check Register**

Page 1 of 1

Insured	Check#	Check Date	Claim#	Claimant Name	Payment Type	Payee	Amount
SAMPLE CITY	2327	6/2/2014	G-HC00068	Donner, Daniel	LEGAL PAYMENT EXPENSE	*MCNAMARA NEY, BEATTY, SLATTERY, BORGES &	\$1,354.06
	2328	6/2/2014	G-HC00062	Wells, Visitor	LEGAL PAYMENT EXPENSE	*MCNAMARA NEY, BEATTY, SLATTERY, BORGES &	\$345.68
	2329	6/2/2014	G-HC00032	Smith, Jordan	LEGAL PAYMENT EXPENSE	*MCNAMARA NEY, BEATTY, SLATTERY, BORGES &	\$78.96
	2330	6/2/2014	G-HC00078	Ezra, Caty	LEGAL PAYMENT EXPENSE	*MCNAMARA NEY, BEATTY, SLATTERY, BORGES &	\$538.84
	2331	6/2/2014	GHC00096	Walters, Eva	Property Damage Payment	Walters, Eva	\$2,036.00
	2332	6/9/2014	GHC00064	Figueroa, Georgia	LEGAL PAYMENT EXPENSE	*MCNAMARA NEY, BEATTY, SLATTERY, BORGES &	\$4,048.86
	2333	6/9/2014	G-HC00047	Raj, Azar	BI Payment	Raj, Azar	\$300
	2334	6/19/2014	G-HC00068	Schultz, Jennifer	Expense Payment	*GOULD & LAMB LLC	\$50.00
Number of Checks for Insured: 8					Total Amount for Insured:		\$8,451.08
Total				Total Number of Checks: 8		Total Amount:	\$8,451.08

/FinancialReports/Check Register

kw/Barnt

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# Attachment B – Exhibit 1

## George Hills Report Sample 2

### Sample Claim Register Report

Provides multi-line information for each claim with different "buckets" of payments and reserves broken out for optimum detail.

Claimant Claim# Claimant Type Coverage	Client Claim# Causes	Status	Examiner Litigated	Loss Reported Rejected Closed	Reserve Categories and Summary Totals	Paid	Outstanding	Recovered	Net Incurred
Loss Location		Loss Desc							
SAMPLE CITY Report Valued as of 06/30/2014									
Redflag, Char GHC00003 Standard GLBI	PG_061  TRIP AND FALL  								

# Attachment B – Exhibit 1

## George Hills Report Sample 3

### Sample Transaction Register Report

Provides all payment within a specific time period for a claim.

Run Date : 9/9/2014		Transaction Register										Page : 1 of 1	
Run Time : 11:31:40 AM		Values as 8/31/2014											
For the period beginning 8/1/2014													
Claim Number	Loss Date	Incident Name	Check Number	Check Date	Payment Method	Payment Type	Vendor	Not Covered	SA#	Total Paid In Prior Period	Total Paid This Period	Total Paid To Date	Due
Insured: SAMPLE CITY													
Policy Year: 2012/2013													
22643		3/15/2013						<input type="checkbox"/>		5,250.00	185.88	23,076.34	
			2347	06/13/2014	Check	Expense	"EDCO GROUP, INC. dba ABI DOCUMENT SUPPORT SERVICE"				165.95		
			2348	06/13/2014	Check	Expense	"EDCO GROUP, INC. dba ABI DOCUMENT SUPPORT SERVICE"				114.06		
			2348	06/13/2014	Check	Expense	"EDCO GROUP, INC. dba ABI DOCUMENT SUPPORT SERVICE"				267.13		
			2350	06/27/2014	Check	Expense	"EDCO GROUP, INC. dba ABI DOCUMENT SUPPORT SERVICE"				185.88		
			2340	06/13/2014	Stop	Expense	"EDCO GROUP, INC. dba ABI DOCUMENT SUPPORT SERVICE"				-267.13		
			2349	06/13/2014	Stop	Expense	"EDCO GROUP, INC. dba ABI DOCUMENT SUPPORT SERVICE"				-114.06		
			2347	06/13/2014	Stop	Expense	"EDCO GROUP, INC. dba ABI DOCUMENT SUPPORT SERVICE"				-165.95		
Policy Year Total :										5,250.00	185.88	23,076.34	
Insured Total :										36,760.55	185.88	161,534.33	
Grand Total :										36,760.55	185.88	161,534.33	

Run By: xwilliams

# Attachment B – Exhibit 1

## George Hills Report Sample 4

### Sample Diary Report

Provides all work completed and/or in process of being completed on a claim.



#### Diaries

Due Date	Claim #	Sender ID	Recipient ID	Claimant	Diary Type	Subject	Completed	Status	Closed Date	Manager
8/26/2014	GHC000137	csmith	csmith	Lowes, Trixie	Diary	flu with York for status of tender	False			
8/25/2014	GHC000716	csmith	csmith	Jones, Tad	Diary	Initial Diary	False			
8/25/2014	GHC000146	csmith	csmith	Racer, Jim	Diary	Response/demurrer filed? Flu with counsel for plan of action.	False			
8/8/2014	GHC000227	csmith	csmith	Smith, Ryan	Diary	flu with daf to see if hearing date set on appeal	False			
8/4/2014	GHC000185	csmith	csmith		Diary	Amended complaint filed.	False			

kwilliams

Page 1 of 1

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# Attachment B – Exhibit 1

## George Hills Report Sample 5

### PRELIMINARY INITIAL PROPERTY REPORT SAMPLE (WITHIN 72 HOURS)

Date

To

RE: Client:

Claimant:

Date of Loss:

Client File:

George Hills File: George Hills000

This is our initial and concluding report in regard to this injury claim.

<b>LOCATION:</b>	
<b>TYPE OF LOSS</b>	

**ASSIGNMENT:** We were advised of this loss when the claimant filed a timely and sufficient claim.

**INVESTIGATION:** We received this claim on XXXXX. The claim was/was not timely and sufficient and why.

**ESTIMATE:**

**LIABILITY STATEMENTS:**

**SUBROGATION:**

**SUMMARY:**

**COMMENT:** This will conclude our investigation of this file. We will place this matter on an extended diary until advised to close.

Sincerely,

**GEORGE HILLS COMPANY, INC.**

Sr. Claims Adjuster

# Attachment B – Exhibit 1

## George Hills Report Sample 6

### PRELIMINARY PROPERTY FULL CAPTIONED REPORT Sample (Within 30 Days)

**Date** **VIA E-MAIL**  
To:  
RE: Client: Insurance Company  
Claim #: XXX  
Insured: XXXXXX, CA  
Date of Loss: Early March, 2013  
George Hills File: XXX

This is our investigative report on this claim.

<b>LOCATION:</b>	XXXXX, CA
<b>TYPE OF LOSS</b>	Automobile impact into corner of old service station.

**ASSIGNMENT:**

**INVESTIGATION:**

**SCOPE:**

BACK STORAGE ROOM:

SALES OFFICE:

ROOF:

EXTERIOR:

GENERAL:

**ESTIMATION:** We computed the estimate in Xactimate.

**LIABILITY:**

**SUBROGATION:**

**SUMMARY:**

**COMMENT:** We thank you for this assignment and the opportunity to assist you in this loss.

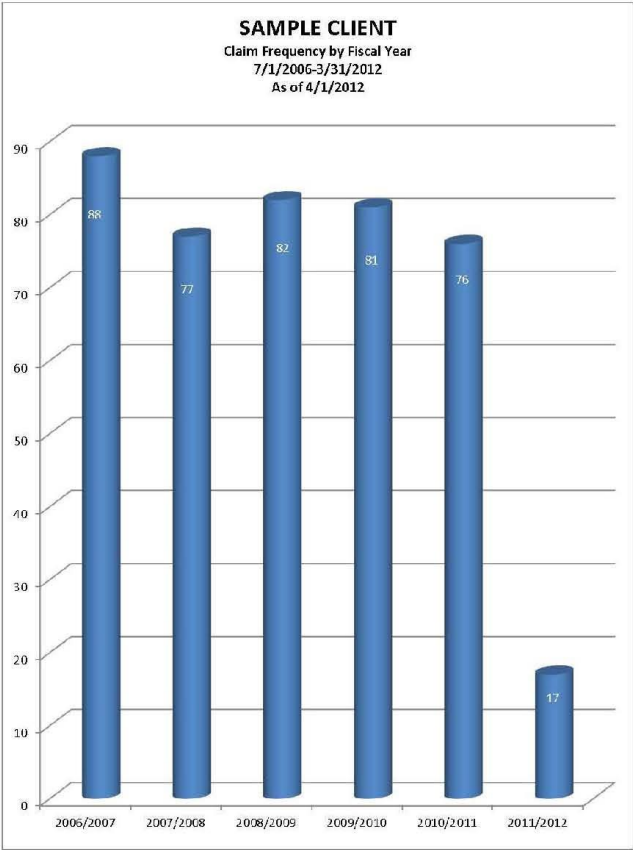
Sincerely,

**GEORGE HILLS COMPANY, INC.**

Sr. Claims Adjuster

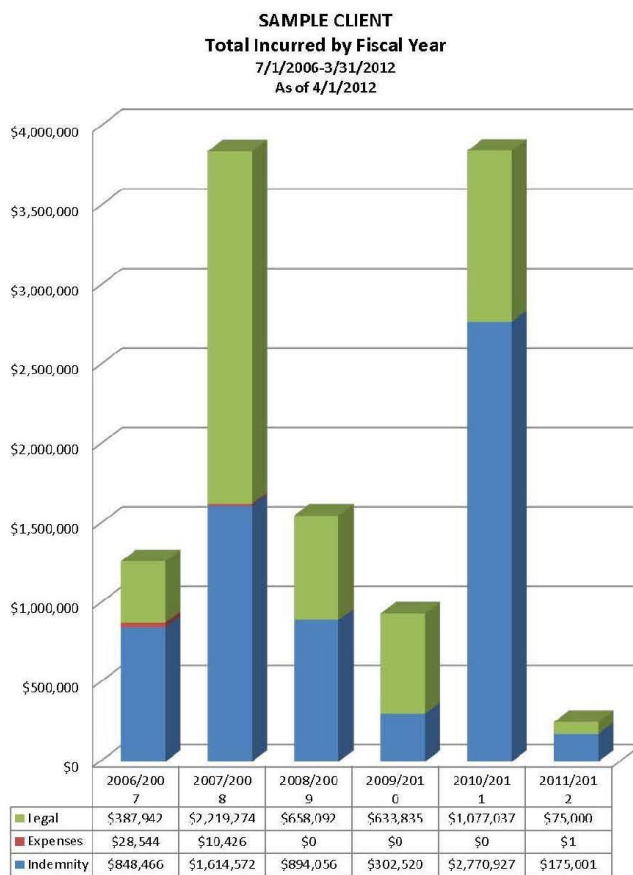
# Attachment B – Exhibit 1

## George Hills iMetrics™ Reports—Sample 1



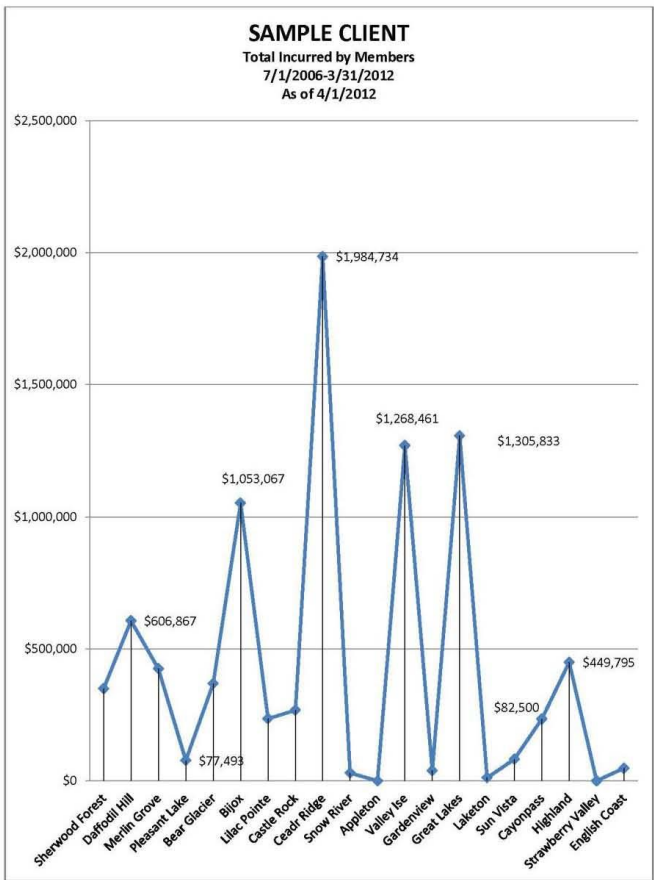
# Attachment B – Exhibit 1

## George Hills iMetrics™ Reports—Sample 2



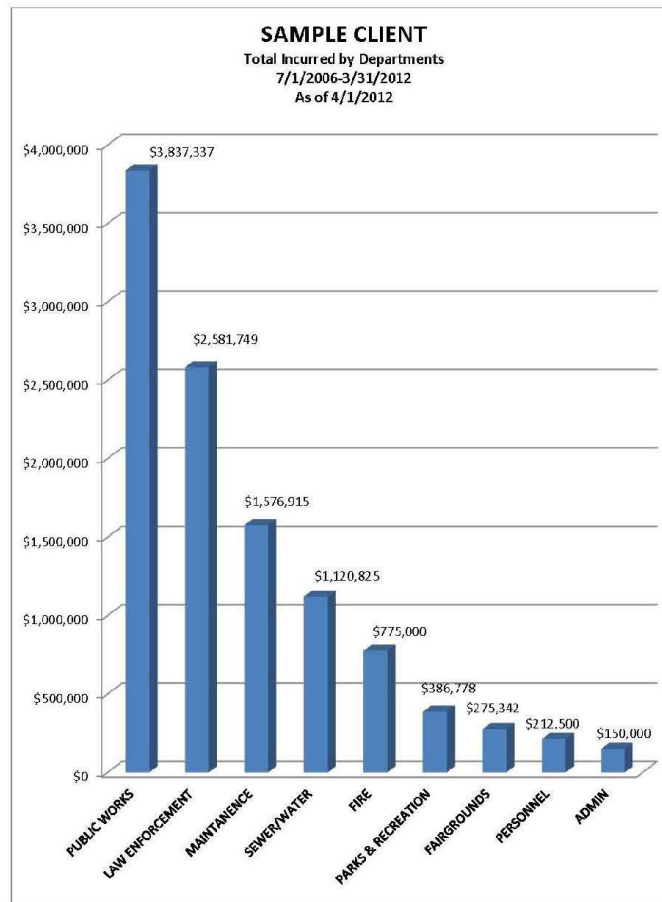
# Attachment B – Exhibit 1

## George Hills iMetrics™ Reports—Sample 3



# Attachment B – Exhibit 1

## George Hills iMetrics™ Reports—Sample 4





# Attachment B – Exhibit 1

## Appendix B.

### Brief George Hills Case Study Examples



#### George Hills TPA Experience & Expertise = Powerful Client ROI and Satisfaction George Hills Goal—Protect Client Assets with Insight and Influence

At George Hills, we are all committed to excellence, and we focus on returning measurable bottom-line value to our clients through service, innovation, and industry experience. We feel privileged to be a central component of our clients' integrated liability claims programs, helping them to reduce the number of claims and claims paid amounts. George Hills' philosophy in handling claims is values-based, ethical, and transparent. In short, our focus is finding out if we owe on a claim. If we do, find out how much and pay it. If we do not, fight hard through trial. This philosophy pays dividends in the long-run as payment of nuisance or unmeritorious claims typically lead to more of the same. We take a hard stand on claims with no merit. For over six decades, George Hills' expertise and consultative, hands-on approach have been a winning combination, delivering powerful client results and satisfaction. We are proud to share below several George Hills client success stories—and we are prouder still of the professional and trusted role we played in helping our clients achieve favorable outcomes.

#### Case #1

*"George Hills' files "speak for themselves" with orderly, chronologically-managed reports and documentation, including Plans of Action (PAOs) and updated captioned reports, allowing us to clearly see the point at which 'enough information is enough' to base a conclusion."*

#### Facts:

A lawsuit resulted in Northern California because of an accident at an intersection between a county senior construction inspector (defendant) and a private citizen (plaintiff). The defendant was stopped in the "number three" lane behind the plaintiff. The traffic signal turned green and the defendant started to proceed forward. The plaintiff was still stopped. The defendant rear ended the plaintiff's vehicle. The County accepted 100% liability in this case as their driver failed to proceed forward only when it was reasonably safe to do so and rear ended the plaintiff.

#### George Hills Adjustors—Protect Client Assets with Unmatched Insight, Influence, and Integrity

George Hills' adjustors acted swiftly and discovered that there was no damage to the defendant's vehicle and minor damage to the plaintiff's vehicle. It was also verified that the

# Attachment B – Exhibit 1

plaintiff suffered low impact injuries to her neck, lower back, and left leg. Her damages included chiropractic treatment of \$4,640 and MRI expense of \$2,305.50 for a total pre-surgery amount of \$6,945.50. The plaintiff's miscellaneous out of pocket expenses were \$261.69 for total special damages of \$7,207.19. She had no loss of earnings claim. George Hills' adjustors evaluated this case and accepted the damages with a total settlement range of \$14,000 to \$21,000. The plaintiff's attorney presented a settlement demand of \$556,575.50—which was based on an alleged back surgery and total specials of \$78,100.

George Hills' experienced adjustors were not convinced the plaintiff needed surgery as their investigative work revealed she had been involved in two prior accidents and was claiming loss of earnings due to surgery. Further, George Hills' IME report discovered the alleged surgery was no more than an injection procedure—there was no incision. Also revealed through George Hills' adjustor diligence: Multiple insurance companies and the FBI were concurrently involved in an investigation and lawsuit of the plaintiff's surgeon—i.e., a potential surgeon scam operation.

George Hills' biomechanical expert determined the accident between the plaintiff and defendant at the intersection was at an impact speed of 10 MPH—enough for a Delta 5, sufficient enough for neck strain but not enough for disc disruption, which allegedly resulted in herniation and protrusion.

The arbitration result was an award of \$15,000 and the plaintiff rejected it. At mediation the demand was \$500,000 and George Hills' initial offer was \$11,000. The plaintiff's counter demand was \$150,000 & George Hills' final offer was \$12,500.

At the Mandatory Settlement Conference, the plaintiff's new demand was \$250,000. George Hills advised the mediator we were ready to go to trial in five weeks. George Hills' only offer to settle the case and avoid the trial was \$20,000. The plaintiff countered at \$25,000. George Hills held firm with our only offer which was finally accepted. The property damage claim was settled with the Insurance Company for \$4,273.16.

## Case #2

*"A George Hills' claim adjustor's job is to investigate, document, evaluate, negotiate, and settle claims. In order to effectively do so, each adjustor must handle every claim with a strategy, or POA."*

### Facts:

A California County's snowplough engaged in snow removal operations on a winding foothills road lost traction in a curve to the right, went over the centerline and collided with an oncoming Ford Expedition. The Ford spun counter-clockwise off the curve and hit a tree with its right rear. The husband and wife occupants of the Ford came up with neck and upper extremity complaints. The wife eventually had a three level cervical disc replacement, the husband a single level cervical disc replacement and bilateral wrist surgeries. All of the surgical procedures were financed by Medfin, even though each plaintiff had their own health insurance policy. Medical specials between the two plaintiffs were claimed to be approximately \$370,000, based on the payments Medfin made and the liens it held in that amount. The husband was no longer able to do his telephone company splicing work because of his wrist injury and a wage loss of up to \$805,000 was asserted.

# Attachment B – Exhibit 1

## **George Hills Adjustors—Protect Client Assets with Unmatched Insight, Influence, and Integrity**

George Hills helped the County defend this lawsuit on two fronts. We denied liability on the basis that:

1. The snowplough operator was meeting the standard of care and was, therefore, not negligent
2. The medical specials were artificially inflated
3. The County should be liable only for medical specials allowable under the Hanif/Nishihama rules

On the second front, our retained medical billing expert "reverse-engineered" the billings and estimated what would be allowed by most carriers, subject to reimbursement per Hanif/Nishihama. This came to be 25% of what was billed.

George Hills' adjustors strongly asserted the provisions of Government Code Section 985, which provides for a post-verdict court hearing to determine, in the Court's discretion, the extent to which medical liens should be reimbursed. The president of Medfin was present at the mediation where the case settled for \$650,000 against an initial demand of \$2,000,000. Both Medfin and the plaintiffs' attorneys made significant concessions in order to settle the case.

### **Case #3**

*"George Hills has been providing best practice liability and property claims administration and litigation management services to the public and private sector since 1954."*

#### **Facts:**

A claimant was stopped by the CHP for speeding in California County, but told by the CHP Officer he was being arrested for another County Court FTA—for an unpaid 1995 traffic ticket. He was arrested. Claimant subsequently secured documentation from the Court that he had paid his 1995 traffic ticket in a timely manner. As a law enforcement trainer, he wanted compensation for improper arrest and imprisonment and compensation for future damages, as the arrest reflected on his Department of Justice (DOJ) record and could affect his career.

## **George Hills Adjustors—Protect Client Assets with Unmatched Insight, Influence, and Integrity**

Working jointly and diligently with the County Counsel's Office, George Hills helped accomplish the difficult feat of getting the arrest itself off of the claimant's DOJ record and the claim resolved with no monetary payment.

### **Case #4**

*"All George Hills public entity adjustors have extensive knowledge on current California Government Codes and Legislation having direct effect on our client base."*

#### **Facts:**

# Attachment B – Exhibit 1

George Hills had a case that involved “free standing condominiums”—legally described and marketed as “condominiums.” Our client was an insurer of primarily artisan subcontractors, and their policy contained an exclusion which precluded coverage for any work performed by an insured on a condominium project. Coverage was denied to the insured and a default judgment of \$2,000,000 was later entered against the insured. Following the resolution of the case, the project developer sued our client in an effort to collect on the judgment.

## **George Hills Adjustors—Protect Client Assets with Unmatched Insight, Influence, and Integrity**

George Hills’ construction defect and construction liability TPA team worked with our client’s counsel as the developer alleged that even though the homes were sold and marketed as condominiums due to density requirements, that the homes were in fact single family homes.

The developer argued that that condominium exclusion was ambiguous in that it did not define a condominium. The trial court held that the statutory definition of a condominium includes free standing structures and that the exclusion was not ambiguous. The appellate court upheld the trial court decision.

*Important to note:* This legal decision was recently published as “citable case law,” concluding it was a good case law for the insurance community in that it clarifies the intent of the exclusion is to exclude all condominiums regardless as to how structured.



# Attachment B – Exhibit 1

George Hills is a values-based TPA firm.

*We would be honored to be the City of Lemon Grove's partner in risk management excellence.*



## **George Hills Company Core Values**

**Honesty & Integrity**—Inherent in our everyday activities

**Customer Satisfaction**—Exceeding expectations is our goal

**Financial Sustainability**—Critical to our collective success

**Loyalty**—Earned through trust

**Continuous Improvement**—Being a leader in the industry

